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C O N F I D E N T I A L KINGSTON 000897

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TAGS: [FAIR](#) [ECON](#) [PGOV](#) [SNAR](#) [JM](#) [XL](#)

SUBJECT: JAMAICA: AIR JAMAICA SELLS LONDON ROUTES, WANTS TO
REPOSITION AS HUB TO SOUTH AMERICA

REF: 06 KINGSTON 2314

Classified By: Ambassador Brenda LaGrange Johnson, reasons 1.4 (b) and (d)

¶1. (C) Summary: Air Jamaica Chief Executive Officer (CEO) Michael Conway considers the recent sale of the airline's prestigious London-Kingston route essential to the airline's long-term viability. He also says he is willing to work with the USG however he can to combat the problem of drug smuggling aboard his aircraft. On a separate note, regarding an enforcement matter with the Federal Aviation Administration and the Department of Justice, Conway indicated that they would seek to avoid signing a consent decree. End summary.

¶2. (SBU) On June 4, DCM and Econ met with Air Jamaica CEO Michael Conway. Overall, Conway was far more positive about the long-term prospects for the airline than he had been in November 2006 (reftel). In large part, Conway's optimism was derived from the successful USD 10 million sale of Air Jamaica's London-Kingston route) and its Heathrow slots) to Virgin Atlantic.

¶3. (SBU) The sale has been controversial in Jamaica, as many regard it as symbolic of the airline's collapse into financial ruin. In fact, Conway argued, quite the opposite is the case. He noted that the route was "a dog," losing some USD 25-30 million per year. He pointed out that the same politicians who are unhappy about the sale of the route are the ones most vociferous in their criticism of the GoJ subsidy to the airline of USD 30 million per year. As Conway stated: "They can't have it both ways."

¶4. (SBU) Conway's strategic vision for Air Jamaica is to make Kingston the primary transit hub between North and South America, as well as an alternate gateway to South America from Europe. With that in mind, he has been negotiating with authorities in Brazil and in Argentina in an attempt to secure Kingston routes to Rio de Janeiro and Buenos Aires.

¶5. (SBU) He dismissed calls for a unification of several smaller Caribbean airlines into one regional carrier as unworkable. "I have enough problems dealing with one government. Can you imagine dealing with three?" he said. To illustrate this point, he asked: "When we need to cut an unprofitable route, what government will agree to that? When we need to consolidate our operations centers, who do we choose?"

Problems with Drug Smuggling

¶ 6. (C) Conway also raised a sensitive issue for which he hoped that the USG may have some advice. He reported that two of his staff recently had noticed suspicious activity which had led to a police investigation. The Jamaica Constabulary Force (JCF) discovered and confiscated a quantity of compressed marijuana. The two employees, however, were now being harassed and threatened via anonymous notes and text messages.

¶ 7. (C) DCM brought in post's DEA and NAS representatives, who said that they would be willing to run the numbers of the cellular telephones from which the threats had been received. DEA stated that if the numbers revealed a connection to a large criminal organization, there may be some action that can be taken. He added, however, that the JCF in Montego Bay is plagued by corruption (Note: After the meeting, DEA also noted that the amount that Conway was talking about sounded too small to be actionable. Endnote).

No Consent Decree

¶ 8. (SBU) Finally, Conway complained about his airline's difficulty in settling an enforcement matter with the Federal Aviation Administration (FAA) and the Department of Justice (DoJ). In March 2006, the DoJ offered to settle "all pending matters" that Air Jamaica had with the FAA for USD 350,000, but stated that the DoJ believed that a consent decree was needed "to insure improvement of the carrier's safety compliance program." Conway believes that no such decree is warranted, and believes that they are targeting Air Jamaica

because they are small and lack the legal resources of the larger carriers. Conway did not ask anything of post, but he strongly indicated that Air Jamaica has little intention of signing the consent decree as written.

Comment

¶ 9. (SBU) Conway appears to sincerely believe that he can pull Air Jamaica into profitability and away from government subsidy. At that point, he feels, the GoJ (which owns an 80 percent stake) will seek to divest itself. His plan to do this, by consolidating its core routes and building links to South America to give consumers an alternative to Miami International Airport, may be very sound. The real danger may come, however, from his political paymasters, who see the airline not only as a source of tremendous national pride, but also as a political football that they can use whenever they wish.

JOHNSON